The Senate of The State of Texas

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February 28, 2013

The Honorable Rick Perry
Governor of Texas
P.O. Box 12428
Austin, Texas 78711

Dear Governor Perry:

Medicaid expansion as prescribed by the Affordable Care Act would have profound detrimental consequences to our health care system, and I support your position in opposing expansion. I have enclosed a separate paper outlining some of those consequences.

I also share your concerns for Texans not having access to health care. I would ask that you consider the following ideas and ask the U.S. Department of Health and Human Services to consider letting the state of Texas implement them as a block grant. Much of this is in line with the Patient Choice Act (PCA) filed by U.S. Senators Tom Coburn and Richard Burr and U.S. Representatives Paul Ryan and Devin Nunes. Some of this has been written about by John Goodman.

We should ask that those eligible for Medicaid expansion be allowed to participate in the federal exchanges. Texas is not participating in the federal exchanges and we should not as the regulations currently exist, but we could also ask for flexibility to structure the exchanges to suit our state to benefit all Texans. There is also a provision in the PCA regarding this.

Incomes frequently change and hence the eligibility for Medicaid (or its expansion) or eligibility for the various levels of the federal exchanges will change. Flexibility will address these issues and provide for better continuity of care.

The state could negotiate for flexibility to form group or individual policies in conjunction with insurance companies and/or a health system. The recent joint venture of the Baylor system and Scott & White comes to mind.

It is estimated that the federal government is prepared to give our state 100 billion dollars over the next ten years for Medicaid expansion. For much less money, we could ask for a federal block grant for those eligible individuals and use that money to assist those people with health care access. This concept would recognize the inequity of the federal tax system which subsidizes higher income workers more than lower income workers who get health insurance through their employer. It also will help those workers who do not have health insurance through their employer or those who are self-employed. This block grant money could be used for the access to healthcare in a variety of ways such as the direct purchase of health care, the purchase of insurance, Health Savings Accounts, Flex accounts, co-pays, and deductibles.

We should work with the private insurance industry and various health care entities to establish a system of modest premiums, co-pays and deductibles based on income. We could collaborate with private insurance companies to offer various insurance plans either group or individual. We could encourage healthy life-styles by adjusting co-pays and deductibles based on such factors as smoking, weight, blood pressure, cholesterol, etc. An annual physical exam could be required as we do for children on Medicaid. All of this would save the taxpayers and the private sector money.

I would also suggest we insist hospitals, hospital districts and other health care providers who are currently providing charitable and/or uncompensated care to this population make adjustments to their charges and taxes to reflect this new source of income. We should insist insurance companies in turn lower their premium rates as cost and charges are reduced. This will repay those who through cost shifting and taxation are currently paying for the health care of these people.

I would also suggest that all people covered under this plan be "locked in" to a primary care physician of their choice. That primary care physician will be the "gatekeeper" for an individual and no patient would be allowed to access any other care without permission from that primary care physician. This will insure the patient receives appropriate treatment without overusing the system. This "locked in" system will also prevent fraud. This program has been used in the past with Medicaid to control use and costs with success.

If eligible recipients already have health insurance we could use their block grant money to assist them and/or their employer for premiums or for help with co-pays and deductibles. The point that is lost by many is that many lower income insured Texans act as though they are uninsured because of high co-pays and deductibles.

If eligible recipients have children on Medicaid or CHIP we should be allowed to combine the funding for a private family policy. We should also require recipients be employed unless they are disabled or have children at home younger than school age. Volunteer work would be acceptable.

I look forward to discussing these concepts with you further. I think these common sense approaches would help many Texans better access health care without expanding Medicaid and enhance our free enterprise system at a much lower cost. And at the same time we could address an inequity of the federal tax system and give relief to those who provide uncompensated and charity care while letting uninsured Texans assume proper responsibility for their healthcare.

Sincerely,

Bob Deuell

Robert F. Deuell, M.D.
Texas Senate, District Two

Medicaid Expansion Alternative

- No Medicaid Expansion as proposed in ACA
- Allow people eligible for the Medicaid expansion to participate in the federal exchanges
- Texas will do its own exchange that is more patient friendly than the ACA.
- People eligible for Medicaid expansion in a Texas version of federal "Patient Choice Act"
- Block grant that allows the implementation of the federal "Patient Choice Act"
- Flexibility for patients to access health care premium assistance
- Premium assistance
- Co-pays and deductibles
- Higher costs to patients with high risk factors (smoking, obesity, etc.)
- Employment requirement exempting stay-at-home parents and the disabled and their caretakers
- Reductions to medical charges and local taxes from providers and local governments in return for less uncompensated care and less need for cost shifting
- Reduced insurance premiums due lower charges from cost shifting and increase in the insurance pool.
- Lock in to one primary care physician to limit overuse and fraud